

REMARKS

Applicant requests reconsideration of the claim rejections presented in the Office Action mailed July 27, 2007.

Summary of the Office Action

Claims 1-3 were rejected under 35 U.S.C. § 102(e) as being anticipated by Madoff et al. (U.S. Patent Application Publication No. 2001/0044767). Claims 4-5 and 7 were rejected under 35 U.S.C. § 102(a) as being anticipated by an article titled *Streamer Free Real-Time Stock Quote Service Registers 12,000 Users* (referring to a streaming stock quote service made available by Datek Online) (hereinafter "Streamer"). Claim 6 was rejected under 35 U.S.C. § 103(a) as being unpatentable over Streamer. For the reasons discussed below, applicant traverses the rejections and asserts that the claims are patentable over Madoff and Streamer.

Status of the Claims

Claims 1-17 were pending in the application. Claims 1, 3, 4, 6-8, 10, and 13 have been amended. New Claims 17-20 have been added. Claims 1-20 are thus now pending in the application.

Claim Language and the Examiner's Response to Arguments

Prior to discussing the patentability of the claims, applicant wishes to draw attention to Item 10 (page 7) of the Office Action. In this section, the Examiner indicated concern that the certain terms used in Claims 1, 4, 8, 13, and 15 did not properly define the scope of the claims. Applicant has amended the claims solely to address these concerns. These amendments do not narrow the scope of the claims, nor are they considered necessary for the patentability of the claims. Applicant submits that the amended claims, when properly construed, include features that properly define the scope of the claims. Should the Examiner have any remaining concerns in this regard, he is invited to contact applicant's undersigned counsel.

Issues To Be Reconsidered

The issues presented for review are as follows:

1. Whether Claims 1-3 and 8-17 are patentable over Madoff et al.;
2. Whether Claims 4-7 are patentable over Streamer; and
3. Whether new Claims 17-20 are patentable over the cited art.

Claims 1-3 and 8-17 Are Patentable Over Madoff

Applicant has carefully considered the Madoff reference and asserts that Claims 1-3 and 8-17 are patentable over the disclosure of Madoff. Madoff neither teaches nor suggests all of the elements of these claims and thus does not support a *prima facie* rejection of the claims under 35 U.S.C. § 102(e). The claim rejections should be withdrawn.

Patentability of Claims 1-3

The Examiner may recognize that many of the following arguments are directly taken from applicant's last response submitted to the Patent Office. The arguments remain pertinent to the patentability of the claims over Madoff and thus are repeated here.

Claim 1 is directed to a method of facilitating trading at a market that includes prices for a side and a contra-side of the market. The method includes, in part:

receiving input at a market participant's computer, wherein the market participant is a trading party participating in the market with other market participants, and wherein the input satisfies a market-related condition.

Applicant notes that the Office Action failed to indicate which aspect of Madoff anticipates the aspect of satisfying a market-related condition, as recited in Claim 1. This is significant because satisfaction of a market-related condition is pertinent to the remainder of Claim 1, which recites:

automatically, at the market participant's computer, receiving a new contra-side best market price in advance of the other market participants as a result of satisfying the market-related condition and only while the market-related condition is satisfied by the market participant.

The elements of Claim 1 simply are not taught by Madoff. To maintain the claim rejections based on Madoff, the Examiner must specifically point out *which aspect* of Madoff teaches a market participant "receiving a new contra-side best market price in advance of the other market participants as a result of satisfying the market-related condition and only while the market-related condition is satisfied by the market participant," as claimed in Claim 1.

Madoff's process merely operates in a conventional fashion and attempts to match newly received orders with other orders. See, for example, paragraph 55, lines 5-7, of Madoff which states "the process 100 exposes 104 the order to the crowd, i.e., potential responders 14, via an electronic broadcast over the network systems mentioned above." In other words, *all orders* are exposed to *all participants* at the *same time*, as is done in conventional market systems.

Additionally, the Examiner is requested to further point out *which aspect* of Madoff constitutes the claimed "market-related condition" that the market participant's input must satisfy in order for the market participant to receive a new contra-side best market price in advance of the other market participants, as claimed in Claim 1. Applicant submits there is no market-related condition in Madoff in the context of Claim 1.

In support of the rejection of Claim 1, the Office Action (Item 3, page 2) cited Col. 1, paragraphs¹ 0006-0007 of Madoff, which are repeated as follows:

[0006] According to an aspect of the invention, a method of auctioning products over a distributed networked computer system is provided. The method is executed over the system and includes entering an order for a product. The order can specify a price. The price can be a fixed price, a relative price or a market price. The order also specifies a quantity and an exposure time. The process also includes entering a response to an order, the response specifying a price, price improvement, and quantity and matching the order with the response in accordance with the exposure time specified by the order.

¹ The Office Action cited Madoff at "column 1 lines 0006-0007", but given the numbering of paragraphs in the reference and later references in the Office Action to paragraphs of Madoff, applicant assumes the Examiner meant to refer to column 1, *paragraphs* [0006]-[0007].

[0007] According to an additional aspect of the invention, a method can include entering pre-defined relative indications that correspond to a willingness to buy or sell the product and wherein the pre-defined relative indications specify a price relative to a current market price.

In connection with these cited passages, the Office Action referred to "market price" and "displays order," apparently to suggest that Madoff teaches a display of market data. Even if true, Madoff still fails to teach the combination of "receiving input at a market participant's computer . . . wherein the input satisfies a market-related condition" and "automatically, at the market participant's computer, receiving a new contra-side best market price in advance of the other market participants as a result of satisfying the market-related condition and only while the market-related condition is satisfied by the market participant."

The Office Action next cited Col. 6, paragraphs 0058-0059 of Madoff. For convenience of examination, these passages read as follows:

[0058] If there are no matching existing pre-defined relative indications, contra side order or responses, the process 100 will continually receive contra side orders 101, responses 113, and newly arriving pre-defined relative indications 107. The process 100 will compare 112 contra side orders 101 to the current order. If there is a match it will execute the order. If there is no match the process 100 will determine if responses or new pre-defined relative indications 107 match 118 the current order.

[0059] The compare for contra side orders and then for responses or new predefined relative indications implies some preference for contra side orders. However, the process 100 could compare 112 contra side orders, responses and new predefined relative indications to the current order using an age and/or price criteria.

In these passages, Madoff refers to "contra side orders," but does so only in a conventional sense, i.e., that a contra side order can be matched with a current order to make a trade. These passages of Madoff do not anticipate "receiving input at a market participant's computer . . . wherein the input satisfies a market-related condition" and "automatically, at the market participant's computer, receiving a new contra-side best market price in advance of the

other market participants as a result of satisfying the market-related condition and only while the market-related condition is satisfied by the market participant."

As a matter of background, the basic concept of a "contra-side price" is understood by persons having ordinary skill, as evidenced by Madoff in reference to contra side orders having a price. Moreover, the concept of a contra-side price that provides a "best market price" (for the contra side) is also understood. For example, in the context of buying and selling, for a sell side, the best contra side market price is the highest bid price that another party willing to pay to the seller. For a buy side, the best contra side market price is the lowest ask price that another party is willing to take to sell to the buyer. "Usually, a market for a financial instrument is two-sided, representing buyers and sellers, and so current price is understood to mean a best price on each side of the market, or the contra-side relative to the [trading process's] order." (See present application, page 70, lines 23-26.) "A market order is of the form BUY 100 XYZ, meaning buy 100 shares of XYZ security at the best price available immediately." (See present application, page 7, lines 21-22.) Furthermore, once a best market price for the contra side is superseded by a better market price, the better market price is new relative to the previous best market price and thus constitutes a "new contra-side best market price."

Turning back to Claim 1, a new contra-side best market price is received at the market participant's computer " *in advance of the other market participants as a result of satisfying the market-related condition and only while the market-related condition is satisfied.*" This feature is not taught or suggested by Madoff.

The Office Action further cited the Abstract and Col. 6, paragraphs 0055-0057 and 0062 which are repeated as follows (with emphasis added for purpose of discussion):

[Abstract] A system for auctioning financial products over a distributed, networked computer system includes a plurality of workstations for entering orders for financial products into the distributed, networked computer system. The orders specify a price for the financial product, a quantity of the financial product and exposure time which the order can remain active. The system also includes a plurality of

workstations for entering predefined relative indication and responses to orders for the product. The predefined relative indications specify a willingness to trade. The responses specify a price and quantity. The system includes a server computer coupled to the workstations for entering the orders, predefined relative indications, and the responses, with the server computer executing a server process that for a first one of said orders, determines a match to said first order with the predefined relative indications, responses and contra-side orders during an interval determined by the exposure time specified by said first order.

...

[0055] Referring now to FIGS. 10A-10B, a server process 100 that may be executed on the auction system 20 is shown. The server process 100 receives an order 101 entered by the order side 12 of the system 10, via the order entry format 101 (FIG. 10A). *The process 100 exposes 104 the order to the crowd, i.e., potential responders 14, via an electronic broadcast over the network systems mentioned above. The system 10 displays the size of the order and the order remains displayed for the life span of the order or until an execution ends the auction.* The process 100 compares 106 the order to any existing pre-defined relative indications, contra-side orders or responses (if responses are chosen to have a lifetime as discussed below) that exist in the system 10 at order receipt.

[0056] If there are pre-defined relative indications or contra-side orders or responses (if responses have a lifetime) in the system 10, *the process 100 will attempt to match 108 those existing pre-defined relative indications or contra-side orders or responses to the order.* For predefined relative indications, the match process 108 will examine the pre-defined relative indication that exists, at the best price and which is the oldest at that best price, and will determine whether that pre-defined relative indication matches any conditions that may exist with the order. The same criteria could be applied to existing contra-side orders or responses. *If there is a match, the order will be executed 110 with that pre-defined relative indication.*

[0057] If there is not a match, the process can iterate through a queue of pre-defined relative indications, contra-side orders and responses to determine the next oldest pre-defined relative indications, contra-side orders and responses at that best price to determine a match. The match process 108 attempts to find the pre-defined relative indications, contra-side orders and responses with the best price improvement or best price, as appropriate, and that is the oldest in the auction system 20 at that price improvement and which satisfies all conditions of the order and validating constraints that may apply. For example, if a price is specified outside of the NBBO [National Best Bid/Offer] it may be matched by the system 20 but will not pass validation. The system 20 can adjust the price so that it falls at the NBBO at the time of the execution.

...

[0062] An alternative arrangement to that shown above could have the process 20 allow responses to have a lifespan coextensive with the lifespan of the auction process. If the system 20 allows responses to have a lifespan, but if there are no other orders, the process 100 will expire (not shown) all remaining responses in the system 20.

Inspection of these paragraphs of Madoff, and indeed the entire Madoff reference, shows that Madoff does not teach or suggest the elements recited in the claims. Madoff's process simply tries to match newly received orders with other orders in a conventional fashion. See, for example, paragraph [0055], lines 5-7 (quoted above) in which Madoff states "the process 100 exposes 104 the order to the crowd, i.e., potential responders 14, via an electronic broadcast over the network systems mentioned above." Orders received at the process 100 are exposed to all participants at the same time, as is done in conventional market systems.

In contrast, Claim 1 pertains to a trading process in which a market participant gets a "first look" at new market data in advance of other market participants. Specifically, the market participant is notified of a new contra-side best market price before the other market participants. To receive this benefit, the market participant must satisfy a market-related condition, such as being a provider of the best market price for his or her side of the market. The first look feature is an incentive to a trader to satisfy the market-related condition, for example, to be the owner of an order providing the best market price for a side of the market.

Conventional systems are not configured to distribute new market prices based on the identity of the owner of an order; rather, conventional systems are directed to uniformly treat all interactions between market participants and expose new orders to all participants at the same time. Such conventional systems would have to be fundamentally revised to operate in the manner claimed in Claim 1. Additional description and support for the subject matter recited in Claim 1 may be found in Figure 76, and at page 32, line 27, to page 33, line 8, and further at page 90, lines 19-27 of the present application.

The Office Action (Item 8, page 6) asserted "[i]t is inherently clear that the teachings of Madoff illustrates participant's [*sic*] can receive a new contra-side best market price in advance

of other market participants while the condition at the market is satisfied," but applicant respectfully disagrees. Madoff teaches no such thing. Absent a showing that supports a *prima facie* case of anticipation, Claim 1 should be allowed.

Claims 2-3 are also patentable over Madoff, both for their dependence on allowable Claim 1 and for the additional subject matter they recite. Accordingly, it is proper to withdraw the claim rejections and allow Claims 1-3.

Patentability of Claims 8-12

Claim 8 is directed to a system for facilitating trading that includes prices for a side and a contra-side of the market. The system according to Claim 8 includes a computer having a processing component configured to select a party to receive notification of a new contra-side best market price in advance of other market participants. The processing component measures a predetermined time from when notification of a new contra-side best market price is sent to the selected party and, after the predetermined time has elapsed, the processing component notifies the other market participants of the new contra-side best market price.

The Office Action (page 4) rejected Claim 8 as being anticipated by Madoff. Applicant strongly disagrees, and submits that Claim 8 is patentable over Madoff for reasons similar to those discussed above relative to Claim 1. Claims 9-12 are also patentable over Madoff, both for their dependence on allowable Claim 8 and for the additional subject matter they recite.

Patentability of Claims 13-17

Claim 13 is directed to a computer-accessible medium having executable instructions stored thereon for facilitating trading. The instructions cause a computer to select a party to receive notification of a new contra-side best market price in advance of other market participants, wherein the selected party is a market participant participating in the market with the other market participants.

The instructions further cause the computer to notify the selected party of the new contra-side best market price and measure a predetermined time from when notification of the new

contra-side best market prices is sent to the selected party, and after the predetermined time has elapsed, to notify the other market participants of the new contra-side best market price.

Claim 13 is patentable over Madoff for reasons similar to those discussed above in regard to Claims 1 and 8. Claims 14-17 are also patentable over Madoff, both for their dependence on allowable Claim 13 and for the additional subject matter they recite.

Claims 4-7 Are Patentable Over Streamer

Applicant has carefully considered the Streamer reference and strongly disagrees that the disclosure in Streamer anticipates or renders obvious Claims 4-7 of the present application.

Claim 4 is directed to a method of facilitating trading that includes "automatically . . . selecting a party to receive notification of a new contra-side best market price in advance of other market participants, wherein the selected party is a market participant participating in a market with the other market participants" and "automatically . . . notifying the selected party of the new contra-side best market price." The method further includes "automatically . . . measuring a predetermined time from when notification of the new contra-side best market price was sent to the selected party and, after the predetermined time has elapsed, notifying the other market participants of the new contra-side best market price."

Streamer merely discloses the existence of a conventional real-time streaming stock quote service that allegedly makes quotes available to all users at the same time. See, e.g., lines 3-5 of the first paragraph in which the article states "Streamer is the first free real-time streaming stock quote service made available by a brokerage firm to *anyone with an Internet connection*." (Emphasis added.) Streamer further states, in paragraph 2, that "[s]treaming quotes are real-time quotes that are updated automatically." What speaks volumes is what Streamer does not disclose. Streamer does not disclose any mechanism or service in which a particular market participant is selected and provided market data in advance of data provided to other market participants. Streamer fails to teach or suggest any of the elements recited in Claim 4.

As with Claims 1-3, the Office Action provided little to no guidance regarding the application of Streamer to Claims 4-7. The Office Action rejected the claims by merely restating the claim language and generally directing the applicant to "page 1 and 2" of the article (of which the second page only includes copyright data and Web page search and navigation links that are not relevant to the claims). The Office Action (Item 9, page 7) asserted "[i]t is inherently clear that the teachings of Streamer illustrates notifying other market participants of a new contra-side best market price after a predetermined time from when a selected party was notified of the new contra-side best market price," but applicant disagrees. Streamer teaches no such thing. As with Claim 1 above, absent any evidence supporting a *prima facie* case of anticipation, withdrawal of the rejection of Claim 4 based on Streamer is proper.

Claims 5-7 are also patentable over Streamer, both for their dependence on allowable Claim 4 and for the additional subject matter they recite. Accordingly, withdrawal of the rejection of Claims 4-7 and allowance of the claims is requested.

Claims 18-20 Are Patentable Over The Cited Art

New Claim 18 is directed to a computer-accessible medium having executable instructions stored thereon for facilitating trading at a market. The market has a best market price for a side of the market and a best market price for a contra-side of the market. The instructions cause a computer providing the market to (1) receive an order having a new price for a side of the market, and (2) determine if the new price is better than the best market price for the side of the market. When the new price is better than the best market price for the side of the market, the instructions further cause the computer to (1) identify a trading party that is currently providing the best market price for the contra-side of the market, and (2) notify the trading party of the new price, wherein the notification is sent to the trading party in advance of sending notification of the new price to other market participants in the market. The trading party is thus given a first look at the new price before the other market participants.

Applicant submits that new Claim 18 is patentable over both Madoff and Streamer. Claims 19-20 are also patentable over Madoff and Streamer, both for their dependence on allowable Claim 18 and for the additional subject matter they recite.

CONCLUSION

The disclosures of Madoff and Streamer are deficient and do not support a *prima facie* case of anticipation or obviousness of Claims 1-20. In view of the above, the rejection of the claims should be withdrawn and the claims allowed. Should the Examiner identify any issues needing resolution prior to allowance of the claims, the Examiner is invited to contact the undersigned counsel by telephone.

Respectfully submitted,

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